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January 27, 2021

To: The Honorable Maggie McIntosh  
Chair, Appropriations Committee

From: Steven M. Sakamoto-Wengel  
Consumer Protection Counsel for Regulation, Legislation and Policy

Re: House Bill 364 – State Finance and Procurement – Central Collection Unit – Powers  
(SUPPORT WITH AMENDMENT)

The Consumer Protection Division of the Office of the Attorney General submits the following written testimony in support of House Bill 364, sponsored by Delegate Pat Young, which would lower the fee that the State Central Collection Unit (“CCU”) may add to a debt it collects from the 20 percent of the outstanding principal and interest authorized by Maryland law to five (5) percent. The reduction will make the fee that CCU adds to a debt more in line with the six (6) percent default interest rate set by the Maryland constitution and reduce the burden on already struggling Maryland citizens. However, the Division believes that the reduction should apply only to individuals and not to business entities that owe money to the State.

For the past six months, more than 300 stakeholders across the public and private sector have been meeting as part of the Attorney General’s COVID-19 Access to Justice Task Force to confront this growing disaster by developing strategies for reforming longstanding inequities in housing access and several other civil legal areas. The resulting [Report](#), “Confronting the COVID-19 Access to Justice Crisis” is available online [here](#). Among the recommendations from the Task Force to ensure that Marylanders are economically secure is a recommendation to “[d]ecrease the collection fee charged by the State’s Central Collection Unit on civil debt from the current fee of ‘up to 20 percent to 6 percent, the default interest rate set by the Maryland Constitution.” The report finds that “[t]he civil justice system and legal constraints on debt collection practices do not provide sufficient protections for people facing crippling consumer debt burdens.”

House Bill 364 would help to relieve those burdens for citizens who owe money to the State. Accordingly, we ask that the Appropriations Committee return a favorable report House Bill

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364, with an amendment limiting the reduction in collection fees to individuals.

cc: The Honorable Pat Young  
Members, Appropriations Committee